

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Bell Telephone Company

**Application for review of alternative
regulation plan.**

98-0252

Illinois Bell Telephone Company

**Petition to rebalance Illinois Bell Telephone
Company's Carrier Access and Network
Access Line Rates.**

98-0335

(cons.)

**Citizens Utility Board and
The People of the State of Illinois
-vs-**

Illinois Bell Telephone Company

00-0764

**Verified Complaint for a Reduction in Illinois
Bell Telephone Company's Rates and Other
Relief.**

**SURREBUTTAL TESTIMONY OF
CATE CONWAY HEGSTROM
ON BEHALF OF
AT&T COMMUNICATIONS OF ILLINOIS, INC.**

AT&T Exhibit 1.0

January 19, 2001

Q. Please state your name and business address.

A. My name is Cate Hegstrom. My business address is 222 West Adams St., Suite 1500, Chicago, IL 60606.

Q. By whom are you employed and in what capacity?

A. I am employed by AT&T as a District Manager - Government Affairs.

Q. Describe your education and professional background.

A. I received a B.A. degree in Mathematics from Benedictine College in Atchison, Kansas. In December 1974, I began my telecommunications career in the Network Operations Department of AT&T Long Lines in Omaha, Nebraska. My responsibilities included the provisioning and maintenance of the switched and special services network. In 1977, I joined the Regulatory Department of Northwestern Bell Telephone Company (NWB), where I performed cost and rate studies used in connection with private line, ENFIA and related services. In 1983, I returned to AT&T, joining what became the Marketing Plans Implementation organization of AT&T Communications in Omaha. In that position, I was primarily responsible for analyzing Local Exchange Carrier ("LEC") access filings within the five NWB states.

In 1986, I accepted a position with the AT&T Communications staff organization in New Jersey. My duties included the analysis of regulatory issues and the development of positions related to AT&T's intrastate services.

In 1988, I joined AT&T Corp.'s External Affairs organization in Chicago, where my job duties included contracting and liaison activities between AT&T and several large independent telephone companies in AT&T's ten Central Region states. In 1990, I assumed responsibility for the analysis and administration of access-related issues and LEC regulatory issues affecting AT&T's intrastate operations in several Central Region states, including Illinois. In January 1997, I accepted the position of District Manager-Regulatory Matters.

Q. Have you previously filed testimony before the Illinois Commerce Commission ("ICC") or (the "Commission")?

A. Yes. I have testified before the Commission in ICC Docket No. 93-0044 (MCI and LDDS Complaint against Illinois Bell), ICC Docket No. 93-0409 (MFS Application for an Amended Certificate), ICC Docket Nos. 93-0301/94-0041 (GTE North Rate Case), ICC Docket Nos. 94-0042 through 94-0046 (Investigation of Switched Access Local Transport Restructure Rates), ICC Docket Nos. 94-0048, 94-0049, 94-0117 and 94-0146 (Rulemakings for Presubscription and Line Side Interconnection, Ameritech Customers First Plan, AT&T Petition), ICC Docket No. 94-0480 (Investigation into Physical Collocation), ICC Docket Nos. 95-0458/95-0531 (Petition for Wholesale Service Tariffs of Ameritech and Centel Companies), ICC Docket Nos. 95-0135/ 95-0179 (Illinois Bell Reclassification of Bands B and C Usage/Increase to Business Band C Rates), ICC Docket No. 96-AB-005 (AT&T/GTE North Arbitration), ICC

Docket No. 97-0621 (DEM Stipulation), Phase I of ICC Docket Nos. 97-0516/97-0601/97-0602, ICC Docket No. 98-0321 (Gallatin River Acquisition Application), ICC Docket No. 98-0866 (Bell Atlantic/GTE Merger), ICC Docket No. 99-0038/99-0039 (Ameritech Access Refund Complaint), ICC Docket No. 98-0860 (Competitive Classification of Ameritech Services), Phase I of ICC Docket Nos. 00-0233/00-0335 (Rural ILEC USF Investigation) and ICC Docket No. 99-0536 (Imputation Rulemaking Revision). I have also represented AT&T in a number of Illinois workshop proceedings including those convened in ICC Docket No. 90-0425 (Access Charges), ICC Docket No. 92-0210 (Imputation Rulemaking), ICC Docket No. 92-0211 (Cost of Service Methodology and Rulemaking), ICC Docket No. 92-0398 (Interconnection Rulemaking) and ICC Docket No. 00-0555 (Reciprocal Compensation for ISP-Bound Traffic Rulemaking).

Q. Have you testified before other state commissions?

A. Yes. I testified before the Michigan Public Services Commission in Case No. U-10647 (City Signal Complaint), Case No. U-10860 (Generic Interconnection Investigation), Case No. U-11053 (ACI Application), Case Nos. U-11151/U-11152 (Ameritech Arbitration), Case No. U-11165 (GTE North Arbitration), Case No. U-11660 (AT&T Complaint Against Ameritech Access PICC Rates), Case No. U-11831 (Ameritech Michigan TSLRIC review), Case No. U-11832 (GTE North TSLRIC review), Case No. U-11899 (USF Investigation), Case No. U-12287 (AT&T Complaint Against Ameritech Access Rates) and Case No. U-12465 (AT&T/Ameritech Michigan Arbitration Petition). I have testified before

the Indiana Regulatory Utility Commission in Cause No. 39369 (Access Investigation), Cause No. 39385 (Special Access CSOs), Cause No. 40571-INT-02 (GTE North Arbitration), Cause No. 40785 (Universal Service and Access Charge Restructure Investigation), Cause No. 41255 (Ameritech/SBC Merger Application) and Cause No. 40571-INT-03 (AT&T/Ameritech Indiana Arbitration Petition). I also testified before the Public Utilities Commission of Ohio in Case Nos. 92-1525-TP-CSS/92-1149-TP-ALT (Western Reserve Alternative Regulation), Case No. 96-832-TP-ARB (GTE North Arbitration), Case No. 96-336-TP-CSS (Ameritech Access Service Rate Complaint), Case No. 98-1398-TP-AMT (Bell Atlantic/GTE Merger) and Case No. 1188-TP-ARB (AT&T/SBC-Ameritech Arbitration Petition) and before the Public Service Commission of Wisconsin in Docket Nos. 265-MA-102/2180-MA-100 (GTE Arbitration), Docket No. 6050-TI-101 (Frontier Alt. Reg.), Docket No. 05-TI-174 (Price Regulation Review), in dockets 1910-TI-101/2050-TI-100/3070-TI-100/6040-TI-100/5530-TI-100/4590-TI-100 (CenturyTel Company (6) Alternative Regulation Applications), in dockets 2055-NC-100/5846-NC-100/2055-TR-100/5846-TR-100 (CT/GTE asset purchase), in docket 05-MA-120 (AT&T/Ameritech Arbitration Petition) and in docket 2815-TR-103 (CenturyTel-Kendall Emergency Petition for Rate Increase).

Q. What is the purpose of the your testimony?

A. The purpose of my testimony is to respond to the rebuttal testimony of Staff witnesses Mr. Robert Koch, Mr. Samuel S. McClerren and Mr. Mark A. Hanson.

Q. Please provide your understanding of Mr. Koch's position regarding the inclusion and treatment of carrier access charges within an extension of an Alternative Regulation Plan for Ameritech Illinois.

A. Mr. Koch is now recommending the continuation of a Carrier Basket to which carrier access services would be assigned. He bases this recommendation on a revised (and correct) understanding of the switched access pricing parameters and policy contained in the Commission's Order in Phase II of ICC Docket No. 97-0601/97-0602. Based on his current understanding, access charges may be reduced without being in violation of that Commission Order.

Q. Do you agree?

A. Yes. Ms. TerKeurst explained on pages 51-52 her direct testimony filed November 3, 2000 that it is proper that switched access rates reflect reduced costs, which are captured by the PCI. Ms. TerKeurst suggests that continued inclusion of access services in the price cap mechanism may reduce the need to update switched access cost studies periodically. I would add that beyond the reduction of access LRSICs, to the extent that Ameritech Illinois' forward looking common costs are decreased, continuing to include access services in the price cap mechanism would allow this cost reduction to be reflected in access rates as well. Mr. Koch's current recommendation regarding the continued inclusion of access services in the Carrier Basket is consistent with this price cap mechanism benefit, and I fully support it.

Q. Mr. Koch has not changed his position regarding the inclusion of unbundled network elements (“UNEs”), Interconnection, and Transport and Termination services in the Carrier Basket. Do you concur with him on this issue?

A. No. For the same reasons on which I base my recommendation to include carrier access services in the Carrier Basket, I recommend inclusion of UNEs, Interconnection, and Transport and Termination services. There is nothing in the Commission’s orders resulting from Ameritech Illinois TELRIC investigations that prohibit the reduction of rates for these services below the rates filed in compliance with Commission orders, nor would reduced rates be in violation of TELRIC requirements provided they do not fall below the pre-marked up levels. Ms. TerKeurst has supported her recommendation regarding inclusion of these services with similar arguments. (GCI Exhibit 1.0 (TerKeurst Direct), pp 54-60)

Indeed, in his direct testimony, Mr. Koch supported his initial recommendation to exclude carrier access service from the price cap mechanism by likening the pricing requirement to that of UNEs, i.e., “based on cost.” (Staff Exhibit 13.0 (Koch Direct), p. 38) It is only logical that reductions to TELRIC-based rates are as appropriate as reductions to LRSIC-based rates. Thus, the Commission should now require UNEs, Interconnection, and Transport and Termination services to be included in the Carrier Basket, should Price Cap Regulation be extended for Ameritech Illinois.

Q. Mr. Koch continues to recommend continued inclusion of wholesale services in the price cap mechanism. Do you concur with this recommendation?

A. Yes. However, Mr. Koch now recommends that Ameritech Illinois's wholesale services remain in the Carrier Basket. Although wholesale services are carrier services, I believe it is more appropriate to include these services in the same basket as the corresponding retail service. Under such an assignment, access services and UNEs, Interconnection, and Transport and Termination services would be treated independent of reductions associated with the mandated relationship between Ameritech Illinois' retail services and wholesale services. Furthermore, because resale of residential wholesale services is restricted to residential consumers, the same consumer classes will be addressed independent of other customer classes. Contrary to the objective offered by Ameritech Illinois witness Mr. O'Brien (i.e., the purpose of a single basket is to rectify past differences between basic residential services and other services (Am II Ex. 3.1 (O'Brien Rebuttal), p. 12)), my recommendation for assigning wholesale services would restrict Ameritech Illinois's ability to unilaterally rebalance its noncompetitive rates.

Q. Do you have any additional concerns regarding the treatment of carrier access services in this docket?

A. Yes. Witnesses in this case have largely accepted Ameritech Illinois' quantification of access service revenue reductions included in its rate rebalancing

proposal. Ameritech Illinois states that it is including \$43,775,063 of reductions to its intrastate switched access services resulting from the Commission Order in Phase II of Docket 97-0601/97-0602. (Am. Ill. Ex. 9.0 ((Van Lieshout Direct), pp. 13-15) Of this amount, an estimate of \$33,295,236 in annual revenue reductions have been implemented through tariffed rate reductions.¹ The remaining \$10,379,827 of estimated annual revenue reductions are anticipated by Ameritech Illinois to result once its updated access LRSICs, filed in response to the Commission's Order in Phase II of Docket 97-0601/97-0602, are investigated and compliant rates are filed.

Q. What is your concern regarding this quantification?

A. In his direct testimony filed August 1, 2000, Mr. Van Lieshout provides Ameritech Illinois' expectation that the investigation of the new access LRSICs will be completed within the same time frame as this proceeding. To date, I am unaware of any schedule being established, or investigation initiated, by the Commission for this purpose. Regardless, parties have provided their respective recommendations as to rate designs partially based upon this yet-to-be realized reduction. Accordingly, to the extent the Commission allows a rate rebalancing of Ameritech Illinois rates in this proceeding, I recommend the Commission require Ameritech Illinois to implement the \$10,379,827 of anticipated access revenue reductions concurrent with any approved rate increases.

¹ On January 8, 2001, AT&T filed a Letter Of Objection to Ameritech Illinois's access service tariff filing, stating that Ameritech Illinois has understated its reductions by approximately twenty million dollars.

Q. Will this eliminate the need for an investigation of Ameritech Illinois' updated access LRSICs?

A. No, it will not. However, the Commission may safely assume that Ameritech Illinois' proposed cost-based access service reduction would be the minimum reduction that would result from a Commission investigation. If further reductions are warranted upon completion of an investigation, those reductions can be implemented at that time.

Q. Do you agree with Staff witness McClerren's position regarding the relationship between Ameritech Illinois' wholesale service quality and an alternative regulation plan for Ameritech Illinois?

A. Yes. Mr. McClerren discusses the three-year time limit of Condition 30 applicability in the Commission's merger order in Docket No. 98-0555. According to Mr. McClerren, Condition 30 requires Ameritech Illinois to take 122 performance measurements used by its parent company, SBC, and, after making necessary modifications for this state, implement them here. In addition, the Commission also requires Ameritech Illinois to use a performance penalty plan where Ameritech Illinois provides substandard wholesale services to CLECs. Condition 30 expires, however, within three years of the merger closing date, i.e., October 2002.

Staff witness Hoagg notes the statutory requirement of any alternative regulation plan to "maintain the quality and availability of telecommunications services."

(Staff Exhibit 15.0, (Hoagg Rebuttal), p. 2) As Ms. TerKeurst correctly notes, end user consumers purchasing local exchange service that is resold would be affected by poor Ameritech Illinois service quality just as would Ameritech Illinois' retail customers. (GCI Exhibit 1.0 (TerKeurst Direct), p. 59)

Therefore, not only do I agree with Mr. McClerren that all performance measurements and the Remedy Plan in effect pursuant to the Merger conditions scheduled to expire in October 2002 should continue, without interruption; I believe it is essential. Mr. McClerren's suggestion that the Commission should order this continuation in this proceeding is appropriate and should be adopted by the Commission.

Q. Which Staff recommendation regarding rate design do you wish to comment upon at this time?

A. Should the Commission approve any rate rebalancing for Ameritech Illinois in this proceeding, Mr. Hanson continues to support Staff's recommendation to offset increases in residential network access line charges with decreases in residential Band A usage rates. Mr. Hanson dismisses Ameritech Illinois witness Sorenson's contention that the duration of a Band A call has increased, based on the fact that Ameritech Illinois had not provided adequate support for this statement. It is regarding the appropriateness of reducing residential Band A usage at this time that I offer comments.

Q. Do you support Mr. Hanson's recommendation?

- A. I do not have a position as to the appropriateness of reductions to residential Band A usage rates. However, in ICC Docket No. 00-0555, Rulemaking for Reciprocal Compensation for Internet Service Provider-bound Traffic, the Commission appears to have accepted this situation. In its Order initiating the Rulemaking, the Commission stated:

One example of a change in the utilization of the local exchange network associated with Internet traffic is the increased call hold-time associated with dial-up Internet usage. Since current reciprocal compensation rates are based on traditional voice calls that, on average, exhibit shorter holding times, it may be inappropriate to apply these rates to local ISP-bound traffic (dial-up Internet traffic routed to an ISP). To exacerbate this problem, the flat-rated local revenue received by the local exchange provider may be insufficient to recover the per-minute of use cost associated with reciprocal compensation payments.

Initiating Order dated August 17, 2000, p. 1.

On January 17 and 18, 2001 I attended a Staff-chaired workshop to discuss in what manner the Commission might address this issue, if at all. Among other options, a general discussion concerning adjusting Band A usage rates ensued. No consensus on issues were reached during the workshop. However, given the seemingly presumption of a "problem", and given the relationship between the non-duration generated revenues and the duration generated costs of Band A usage, it is short-sighted for Staff to recommend, and inadvisable for the Commission to adopt, any modification to rates in this proceeding that would cause a potentially anti-competitive resolution in the pending ICC Docket No. 00-0555 Rulemaking.

Q. Does this conclude your testimony?

A. Yes, it does.



Cheryl Urbanski Hamill
Senior Attorney
AT&T Law Department

Suite 1500
222 West Adams Street
Chicago, IL 60606-5307
312 230-2665
FAX 312 230-8211
EMAIL chamill@att.com

January 8, 2001

VIA U.S. MAIL

Ms. Donna Caton
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62794-9280

Re: Ameritech Illinois Advice Nos. 7292 and 7296

Dear Ms. Caton:

Pursuant to Sections 9-250 and 9-252 of the Illinois Public Utilities Act, AT&T Communications of Illinois, Inc. ("AT&T") hereby objects to Ameritech Illinois' proposed local switching ("LS") rates that were filed with the Illinois Commerce Commission ("Commission") under Ameritech Illinois Advice No. 7292 on May 26, 2000, and as modified by Ameritech Illinois Advice No. 7296 on June 9, 2000. AT&T requests that the Commission initiate an investigation to determine whether Ameritech Illinois' proposed LS rates are just and reasonable and in compliance with the Commission's Phase II Order issued March 29, 2000 in Docket Nos. 97-0601/97-0602 ("Phase II Order"). AT&T recognizes that Ameritech's tariff rates have been implemented by Ameritech Illinois, and that the tariff filing may become effective during a Commission investigation, notwithstanding AT&T's objections. Hence, at the conclusion of the investigation, AT&T requests that the Commission affirmatively establish local switching rates for Ameritech Illinois that are just and reasonable, and that comply with the Commission's Phase II Order, and order refunds to the extent applicable. AT&T stands ready to pass its access expense savings through to its customers as directed in the Commission's Phase II Order.

Ameritech Illinois' proposed LS rates are unjust and unreasonable and fail to comply with the Commission's Phase II Order. In that Order, the Commission found that "Ameritech and GTE should reduce their remaining switched access rate elements to LRSIC-based levels, including the 28.86% contribution toward shared

and common costs as reflected in AT&T Gebhardt Cross Ex. 1A, for the reasons discussed herein." (Phase II Order, Finding Paragraph (9)).

In filing access rates in alleged compliance with the Phase II Order under Advice Nos. 7292 and 7296, Ameritech Illinois based its access rates upon the LRSICs used in its annual alternative regulation filings, including the LRSICs for LS. However, these LRSICs are based upon the pre-restructured LS rate element. As background, the LRSICs for LS were originally calculated for the pre-access reform LS rate element. In 1997, Ameritech segregated the trunk port function from its LS function and rate elements, and established separate rate elements for both dedicated trunk ports and shared trunk ports pursuant to the FCC's May 16, 1997 Access Charge Reform Order. (See CC Docket No. 96-262, First Report and Order, rel. May 16, 1997, ¶ 127). Consistent with this FCC-ordered restructuring, Ameritech Illinois' Advice No. 7292 includes dedicated trunk port rate elements and shared trunk port rate elements.¹ These rates are presumably based upon the LRSICs associated with trunk ports. However, Ameritech Illinois has not removed these same trunk port costs from its LS LRSICs that were used as the basis for the LS rates contained in Advice Nos. 7292 and 7296. Thus, by basing its LS access rate on the unsegregated (and pre-restructured) LRSICs, Ameritech Illinois is double-recovering its costs associated with its trunk ports. This is the uncontested double recovery of port costs testified to by AT&T during ICC Docket Nos. 97-0601/0602. (AT&T Ex. 2.0P, p. 15 and Attachment JDW-1 (Proprietary)).

Rates based upon segregated LRSICs should be approximately \$0.001982 per minute of use. Ameritech Illinois, however, has filed per minute rates that are approximately double the appropriate rate levels, namely, LS per minute rates of \$0.003987.

As expressed by Chairman Mathias, the Commission issued a landmark decision "in access charge reform that results in tens of millions of dollars in savings to customers." (Commission Press Release, attached). Unfortunately, as a result of Ameritech Illinois' non-compliant tariff rates, Ameritech Illinois has caused its intrastate switched access rates to be higher than Illinois-mirrored CALLS rates would have been.² Indeed, Ameritech Illinois continues to collect these LS revenues, thereby precluding in excess of approximately \$20 million of additional benefits that should have resulted from the Commission's Phase II Order from being delivered to Illinois consumers.

¹ Under Advice No. 7292, Ameritech Illinois filed Common Trunk Port rates of \$0.000235 per minute, and Dedicated Trunk Port rates of \$51.96 per month. Illinois Bell Telephone Company ILL C.C. No. 21, 5th Revised Page 215, Section 6.9.2(C)

² Under Transmittal No. 1242, Ameritech filed an LS rate of \$0.003569. Ameritech Operating Companies Tariff F.C.C. No. 2, 57th Revised Page 214, Section 6.9.2(A&B)

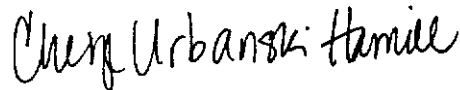
Ms. Donna Caton

Page 3

January 8, 2001

Ameritech Illinois' LS rates are unjust and unreasonable. Moreover, they violate the Commission's Phase II Order and are, therefore, unlawful. The Commission should immediately investigate the extent to which Ameritech Illinois' LS rates are unjust and unreasonable, and order refunds to the extent necessary.

Very truly yours,



Cheryl Urbanski Hamill
One of the Attorneys for
AT&T Communications of Illinois, Inc.

CUH/mp

Attachment

cc: Chairman Richard L. Mathias
Commissioner Ruth Kretschmer
Commissioner Terry S. Harvill
Commissioner Edward C. Hurley
Commissioner Mary Frances Squires
Mr. Charles Fisher
Mr. Jeff Hoagg
Mr. Doug Price
Mr. Sherman Elliott
Mr. Robert Garcia
Mr. John Hester
Ms. Michelle Mishoe
Ms. Jennifer Moore
Ms. Katie Papadimitriou
Mr. Patrick Phipps
Ms. Kathleen Rodriguez
Ms. Kate Siddon
Mr. Timothy Szniewajski
Ms. Julie VanderLaan
Ms. Louise Sunderland

Service List in Docket Nos. 97-0601/0602

March 29, 2000

Beth Bosch

ICC ORDERS INTRASTATE ACCESS CHARGES REDUCED LONG DISTANCE CARRIERS TO PASS ON RATE REDUCTIONS

The Illinois Commerce Commission Wednesday ordered Illinois local exchange carriers Ameritech and GTE to reduce access charges, and directed interexchange carriers, or long distance carriers, to pass those cost reductions on to customers.

In its earlier order in consolidated Dockets 97-0516, 97-0601, 97-0602 the ICC found that Ameritech had violated earlier Commission orders when it raised access charges in 1997 and 1998. The Commission said that the higher access charges did not mirror interstate access charges as required by federal rules, and ordered the company to remove all non cost-based rate elements from its access charges.

The Commission has now ordered Ameritech and GTE to break the "mirror" of interstate access charges by ordering the companies to reduce access charges further, and to base the price of access on the cost of providing the services.

Today's order applies only to intrastate access charges for telephone service within Illinois.

"Our decision today is a landmark in access charge reform that results in tens of millions of dollars in savings to customers," ICC Chairman Richard Mathias said. "The costs of providing service have declined over time, and Illinois customers are entitled to share in the savings."

In the years since divestiture in 1984, the ICC has entered more than a score of orders aimed at eliminating subsidies that were inherent in access charges as well as other charges that telephone companies paid and customers assumed. The Commission policy throughout those years has been to move the rates charged by telecommunications carriers closer to the actual cost of providing the service, which has resulted in reductions in some rates.

ICC Commissioner Ruth Kretschmer urged the interexchange carriers to ensure that all customers share in the savings from the reduction in intrastate access charges. "I want these companies to know that we expect any rate reductions must be across the board."

Local exchange companies must file new rates that result from the order within 30 days. Interexchange carriers must reply with their rate adjustments after that.

#####

Alan C. Anderson
Cambridge Telephone Company
111 E. First Street - PO Box 330
Geneseo IL 61254
Phone: (309) 944-2103
Fax (309) 944-4406

Steven G. Bowers
Moultrie Independent Telephone Company
PO Box 350
Lovington IL 61937-0350
Phone: (217) 873-5211
Fax (217) 873-4990

Thomas Aridas
Illinois Commerce Commission
160 North LaSalle Street - Suite #C-800
Chicago IL 60601-3104
Phone: (312) 793-8183
Fax (312) 793-1556

Carla J. Brownlee
El Paso Telephone Company
48 W. First Str. PO Box 267
El Paso IL 61738
Phone: (309) 527-6969
Fax (309) 527-5700

Paul W. Arnold
Grafton Telephone Company
PO Box 188
Grafton IL 62037
Phone: (618) 786-3311
Fax (618) 786-3891

Matt C. Deering
Meyer, Capel, Hirschfield, Muncy & Jahn &
Aldeen, P.C.
306 W. Church Street
Champaign IL 61826-6750
Phone: (217) 352-0030
Fax (217) 352-1083

Katherine L. Barney
Leaf River Telephone Company
102 W. 2nd Street
Leaf River IL 61047
Phone: (815) 738-2211
Fax (815) 738-6060

Edward L. Eckart
Wayne Watts, Joseph E. Cosgrove, Jr. &
Paul K. Mancini
SBC Communications, Inc.
175 E. Houston 12th Floor
San Antonio TX 78205
Phone: (214) 464-5402
Fax (214) 464-5485

Stephen J. Bartlett
Wabash Telephone Cooperative
210 S. Church Str. PO Box 299
Louisville IL 62855
Phone: (618) 665-3311
Fax (618) 665-4188

Sherman Elliott
Illinois Commerce Commission
527 E. Capitol Ave PO Box 19280
Springfield IL 62794-9280
Phone: (217) 785-1146
Fax (217) 782-1042

Christian F. Binnig
J.T. Covey & Stephen J. Mattson
Mayer, Brown & Platt
190 South LaSalle Street Suite 3900
Chicago IL 60603-3441
Phone: (312) 782-0600
Fax (312) 701-7711

Clyde E. Eskridge
Mid Century Telephone Cooperative
PO Box 479
Canton IL 61520
Phone: (309) 647-6113
Fax (309) 783-3297

Duane A. Feurer
Ross & Hardies
150 N. Michigan Ave #2500
Chicago IL 60601
Phone: (312) 750-8617
Fax (312) 750-8600

Gary J. Huss
Tonica Telephone Company
208 Allen Str. PO Box 158
Tonica IL 61370
Phone: (815) 442-9901
Fax (815) 442-9921

Troy A. Fodor
E.M. Fulton, Jr.
Douglas G. Brown, PC Atty. for Intervenors
913 S. Sixth Street
Springfield IL 62703
Phone: (217) 753-3925
Fax (217) 753-3937

Rogers L. Kaufman
Gridley Telephone Company
108 E. 3rd Str. PO Box 129
Gridley IL 61744
Phone: (309) 747-2221
Fax (309) 747-2888

H.R. Gentsch
Harrisonville Telephone Company
213 S. Main Str. PO Box 149
Waterloo IL 62298-0149
Phone: (618) 939-1000
Fax (618) 939-3399

Eric D. Kurtz
Kristen M. Smoot
21st Century Telecom - Illinois
350 N. Orleans Street #600
Chicago IL 60654
Phone: (312) 955-2110
Fax (312) 955-2114

Patrick N. Giordano
XO Illinois, Inc.
55 E. Monroe Street Suite #3040
Chicago IL 60603
Phone: (312) 456-4980
Fax (312) 456-4989

Stephen J. Moore
Rowland and Moore
55 E. Monroe Street #3230
Chicago IL 60603
Phone: (312) 803-1000
Fax (312) 803-0953

Carrie J. Hightman
Jonathan Friedland
Schiff Hardin & Waite
6600 Sears Tower
Chicago IL 60606
Phone: (312) 876-1000
Fax (312) 258-5600

Grace Ochsner
Reynolds Telephone Company
221 W. Main Str. PO Box 27
Reynolds IL 61279-0027
Phone: (309) 372-4217
Fax (309) 372-8888

John F. Hughes
Crossville Telephone Company
301 W. Main Str. PO Box 209
Crossville IL 62827-0209
Phone: (618) 966-2296
Fax (618) 384-2010

Jack A. Pace
City of Chicago Public Utilities Division
30 N. LaSalle Str. Suite 900
Chicago IL 60602
Phone: (312) 744-6997
Fax (312) 744-6798

Dalene Florez
Verizon North/South Incorporated
HQE03J36
600 Hidden Ridge PO #152092
Irving TX 75015-2092
Phone: (972) 718-6362
Fax (972) 718-1250

Walter Rowland
Adams Telephone Co-Operative
PO Box 217
Golden IL 62339
Phone: (217) 696-4477
Fax (217) 696-4811

David E. Parkhill
Hamilton County Telephone Co-Op
PO Drawer B
Dahlgren IL 62828
Phone: (618) 736-2211
Fax (618) 736-2616

David O. Rudd
Gallatin River Communications
625 S. Second Street Suite 103-D
Springfield IL 62704
Phone: (217) 744-2420
Fax (217) 744-2421

Edward Pence
Illinois Consolidated Telephone
121 S. 17th Street
Mattoon IL 51938
Phone: (217) 235-4457
Fax (217) 234-3119

Susan L. Satter
Atty. For Citizens Utility Board
2615 W. Sunnyside
Chicago IL 60625-3022
Phone: (773) 267-2065
Fax (773) 267-2065

David Porter
C-R Telephone Company
106 N. 6th Street
Cornell IL 61319
Phone: (815) 358-2211
Fax (815) 358-2219

Kenneth A. Schiffman
Sprint Communications Company L.P.
8140 Ward Parkway, 5E
Kansas City MO 64114
Phone: (913) 624-6839
Fax (913) 624-5504

Richard W. Ristau
New Windsor Telephone Co.
PO Box 488
New Windsor IL 61465-0488
Phone: (309) 667-2712
Fax (309) 667-2888

Richard Schmidt
Home Telephone Company
208 E. Third Street
St. Jacob IL 52281
Phone: (618) 644-2111
Fax (618) 644-9525

John Rooney
Verizon North/South Incorporated
Sonnenschein Nath & Rosenthal
8000 Sears Tower
Chicago IL 60606
Phone: (312) 876-8925
Fax (312) 876-7934

Brien Sheahan
Illinois Commerce Commission
160 N. LaSalle Street C-800
Chicago IL 60601-3104
Phone: (312) 793-2877x290
Fax (312) 814-1818

Gary L. Smith
Loewenstein, Hagen, Oshlert & Smith, P.C.
Atty(Intervenors)
1204 S Fourth Street
Springfield IL 62703
Phone: (217) 525-1199
Fax (217) 527-6047

James J. Hargrave
Verizon North/South Incorporated
1312 E. Empire Street
Bloomington IL 61701
Phone: (309) 663-3311
Fax (309) 663-3073

Marie Spicuzza
Cook County State's Attorney
69 West Washington, Suite 700
Chicago IL 60602
Phone: (312) 603-8631
Fax (312) 603-9835

Thomas Stanton
Office of the General Counsel Illinois
Commerce Comm.
160 N. LaSalle Street #C-800
Chicago IL 60601-3104
Phone: (312) 793-5094
Fax (312) 793-1556

Louise Sunderland
Lincoln V. Janus
Illinois Bell Telephone Company d/b/a
Ameritech Illinois
225 W. Randolph Street 29B
Chicago IL 60606
Phone: (312) 727-6705
Fax (312) 845-8979

Timothy Sznnewajs
Illinois Commerce Commission
160 N. LaSalle Street C-800
Chicago IL 60601-3104
Phone: (312) 793-2877
Fax (312) 814-1818

Darrell S. Townsley
MCI WorldCom, Inc.
205 N. Michigan Avenue Suite #3700
Chicago IL 60601
Phone: (312) 470-3395
Fax (312) 470-4929

Cheryl Urbanski Hamill
AT&T Communications of Illinois, Inc.
227 W. Monroe Street Suite #1500
Chicago IL 60606
Phone: (312) 230-2665
Fax (312) 230-8210

Michael W. Ward
Atty. for Intervenors
1608 Braclay Boulevard
Buffalo Grove IL 60089
Phone: (847) 243-3100
Fax (312) 621-0297

Norman T. Welker
McDonough Telephone Cooperative, Inc.
PO Box 158
Colchester IL 62326
Phone: (309) 776-3211
Fax (309) 776-3299

George P. Wirt
Woodhull Community Telephone
246 N. Division Street
Woodhull IL 61490
Phone: (309) 334-2150
Fax (309) 334-2989

Donald L. Woods
Illinois Commerce Commission
527 E. Capitol Avenue
Springfield IL 62794-9280
Phone: (217) 785-7456
Fax (217) 524-8928

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

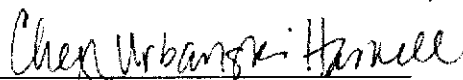
Illinois Bell Telephone Company)	98-0252
Application for review of alternative regulation plan.)	
Illinois Bell Telephone Company)	98-0335
Petition to rebalance Illinois Bell Telephone Company's Carrier Access and Network Access Line Rates.)	(cons.)
Citizens Utility Board and)	
The People of the State of Illinois)	
-vs-)	
Illinois Bell Telephone Company)	00-0764
Verified Complaint for a Reduction in Illinois Bell Telephone Company's Rates and Other Relief.)	

NOTICE OF FILING

PLEASE TAKE NOTICE that we have this 19th day of January, 2001, filed with the Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701, the Surrebuttal Testimony of Cate Conway Hegstrom on behalf of AT&T Communications of Illinois, Inc.(AT&T Exhibit 1.0) in the above-captioned proceeding.

PROOF OF SERVICE

I, Cheryl Urbanski Hamill, an attorney, hereby certify that copies of the Surrebuttal Testimony of Cate Conway Hegstrom on behalf of AT&T Communications of Illinois, Inc. (AT&T Exhibit 1.0) were served on all parties on the service list on this 19th day of January, 2001, via E-Mail and U.S. Mail.


Cheryl Urbanski Hamill
AT&T Law Department
Suite 1500
222 West Adams Street
Chicago, Illinois 60606-5016
(312) 230-2665

Nada Carrigan
AT&T Communications of Illinois, Inc.
913 S. Sixth St., 3rd Floor
Springfield IL 62703
Phone: (217) 788-6200
Fax (217) 788-6207

Alan Goldenberg
Cook County States Atty
69 West Washington, Suite 700
Chicago IL 60602
Phone: (312) 603-8627
Fax (312) 603-9835

Phillip Casey
Hearing Examiner
Illinois Commerce Commission
160 N. LaSalle Street, Suite C-800
Chicago IL 60601
Phone: (312) 814-3706
Fax (312) 814-1818

Kathleen Greenan
Swidler, Berlin, Sheriff & Friedman
3000 K Street, NW Suite #300
Washington DC 20007
Phone: (202) 424-7500
Fax (202) 424-7645

Torsten Clausen
Telecommunications Division
Illinois Commerce Commission
527 East Capitol Ave
Springfield IL 62701
Phone: (217) 557-1142
Fax (217) 524-8928

William A. Haas
McLeod USA Telecommunications Services
6400 C St. SW - PO Box 3177
Cedar Rapids IA 52406-3177
Phone: (319) 298-7055
Fax (319) 298-7901

Janice A. Dale
Mark Kaminski
Office of Attorney General (Illinois)
100 W. Randolph St. 11th Floor
Chicago IL 60601
Phone: (312) 814-3736
Fax (312) 814-3232

Cheryl Hamill
AT&T Communications of Illinois, Inc.
222 W. Adams Street Suite #1500
Chicago IL 60606
Phone: (312) 230-2665
Fax (312) 230-8210

Matt C. Deering
Meyer, Capel, Hirschfield, Muncy & Jahn & Aldeen,
P.C.
306 W. Church Street
Champaign IL 61826-6750
Phone: (217) 352-0030
Fax (217) 352-1083

James J. Hargrave
Verizon North Incorporated
Verizon North/South Incorporated
1312 E. Empire Street
Bloomington IL 61701
Phone: (309) 663-3124
Fax (309) 663-3186

Patrick N. Giordano
James L. Lucari
XO Illinois, Inc.
55 E. Monroe Street Suite #3040
Chicago IL 60603
Phone: (312) 456-4980
Fax (312) 456-4989

Matthew L. Harvey
Illinois Commerce Commission
160 N. LaSalle Street, Suite C-800
Chicago IL 60601-3104
Phone: (312) 793-3243
Fax (312) 793-1556

Kemal M. Hawa
Swidler, Berlin, Sheriff & Friedman
3000 K Street, NW Suite #300
Washington DC 20007-5116
Phone: (202) 424-7500
Fax (202) 424-7675

David L. Heaton
Environment & Energy Division
Cook County State's Attorney Office Environment &
Energy Division
69 West Washington, Suite 700
Chicago IL 60602
Phone: (312) 603-8627
Fax (312) 603-9835

Richard E. Heatter
MGC Communications, Inc.
3301 N. Buffalo Drive
Las Vegas NV 89129
Phone: (702) 310-1000
Fax (702) 310-1111

John Hester
Illinois Commerce Commission
160 N. LaSalle Street, Suite C-800
Chicago IL 60601-3104
Phone: (312) 814-6072
Fax (312) 814-1818

Kent F. Heyman
Richard E. Heater
MGC Communications, Inc.
3301 N. Buffalo Drive
Las Vegas NV 89129
Phone: (702) 310-1000
Fax (702) 310-1111

Carrie J. Hightman
Schiff Hardin & Waite
233 S. Wacker 6600 Sears Tower
Chicago IL 60606
Phone: (312) 876-1000
Fax (312) 876-1000

Lincoln V. Janus
Illinois Bell Telephone Company d/b/a Ameritech
Illinois
225 West Randolph Street, 29B
Chicago IL 60601-3104
Phone: (312) 845-8979
Fax (312) 845-8979

Henry T. Kelly
O'Keefe, Ashenden, Lyons & Word
30 N. LaSalle St., Ste. 4100
Chicago IL 60602
Phone: (312) 422-9147
Fax (312) 621-0297

Clyde Kurlander
Law Offices
225 West Washington Street #2200
Chicago IL 60606
Phone: (312) 419-7121
Fax (312) 419-7122

Terry Larkin
Vice President Regulatory Affairs
Illinois Bell Telephone Company
225 W. Randolph Street 29B
Chicago IL 60606
Phone: (312) 727-3565
Fax (312) 977-6434

Karen L. Lusson
Citizens Utility Board
349 S. Kensington Ave.
Chicago IL 60604
Phone: (708) 579-9656
Fax (708) 579-9684

Calvin Manshio
Cable Television & Communications of Illinois
Manshio & Wallace
4753 N. Broadway Ave. Suite 732
Chicago IL 60640
Phone: (773) 506-2300
Fax (773) 506-2370

Barry Matchett
Illinois Commerce Commission
160 N. LaSalle Street, Suite C-800
Chicago IL 60601-3104
Phone: (312) 814-1628
Fax (312) 814-7289

Daniel Meldazis
Focal Communications Corporation
200 North LaSalle, Suite 1100
Chicago IL 60601
Phone: (312) 895-8400
Fax (312) 895-8403

Jennifer Moore
Office of General Counsel
Illinois Commerce Commission
160 N. LaSalle Street, Suite C-800
Chicago IL 60601-3104
Phone: (312) 793-4344
Fax (312) 793-1556

Eve Moran
Hearing Examiner
Illinois Commerce Commission
160 N. LaSalle Street, Suite C-800
Chicago IL 60601-3104
Phone: (312) 793-2864
Fax (312) 814-1818

Joseph D. Murphy
Meyer, Capel, Hirschfield, Muncy & Jahn & Aldeen,
P.C.
306 W. Church Street
Champaign IL 61826-6750
Phone: (217) 352-1800
Fax (217) 352-1083

Peter Q. Nyce, Jr.
General Attorney Department of the Army
U.S. Army Legal Services Agencies
901 North Stuart Street
Arlington VA 22203-1837
Phone: N/A
Fax N/A

Jack A. Pace
City of Chicago Public Utilities Division
30 N. LaSalle Str. Suite 900
Chicago IL 60602
Phone: (312) 744-6997
Fax (312) 744-6798

Carol Pomponio
XO Illinois, Inc.
303 East Wacker, Concourse Level
Chicago IL 60601
Phone: (312) 327-2103
Fax (312) 327-2101

Brian A. Rankin
XO Illinois, Inc.
303 East Wacker, Concourse Level
Chicago IL 60601
Phone: (312) 327-2103
Fax (312) 327-2101

Richard M. Rindler
Swidler, Berlin, Sheriff & Friedman
3000 K Street, NW Suite #300
Washington DC 20007-5116
Phone: (202) 424-7500
Fax (202) 424-7645
Susan L. Satter

Atty. For Citizens Utility Board
2615 W. Sunnyside
Chicago IL 60625-3022
Phone: (773) 267-2065
Fax (773) 267-2065

Kenneth A. Schiffman
Sprint Communications
8140 Ward Parkway, SE
Kansas City MO 64114
Phone: (913) 624-6839
Fax (913) 624-5504

Marie Spicuzza
Leijuana Doss
Cook County State's Attorney
69 West Washington, Suite 700
Chicago IL 60602
Phone: (312) 603-8631
Fax (312) 603-9835

Thomas Stanton
Office of the General Counsel Illinois Commerce
Comm.
160 N. LaSalle St., Ste C-800
Chicago IL 60601-3104
Phone: (312) 793-5094
Fax (312) 793-1556

Louise Sunderland
Illinois Bell Telephone Company d/b/a Ameritech
Illinois
225 W. Randolph Street 29B
Chicago IL 60606
Phone: (312) 727-6705
Fax (312) 845-8979

Darrell S. Townsley
MCI Telecommunications Corporation
205 N. Michigan Avenue Suite #3700
Chicago IL 60601
Phone: (312) 470-3395
Fax (312) 470-5995

Julie Vanderlaan
Illinois Commerce Commission
527 East Capitol Ave
Springfield IL 62701
Phone: (217) 782-1358
Fax (217) 782-1377

Michael W. Ward
Atty. for Intervenors
1608 Barclay Boulevard
Buffalo Grove IL 60089
Phone: (847) 243-3100
Fax (312) 621-0297